



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012

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DAVID E. JANSSEN  
Chief Administrative Officer

Board of Supervisors  
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First District

YVONNE BRATHWAITE BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

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Fifth District

April 13, 2004

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**SHERIFF'S DEPARTMENT - AERO BUREAU  
FIVE-YEAR LEASE WITH PETROWINGS, LIMITED  
4310 DONALD DOUGLAS BOULEVARD, LONG BEACH  
(FOURTH DISTRICT) (3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and instruct the Chairman to sign the attached five-year lease with Petrowings, Limited (Petrowings) for 2,750 rentable square feet of office space, 12,100 square feet of hangar space and 17,550 square feet of ramp space at an initial annual net County cost of \$269,772.
2. Authorize the Sheriff and/or the Internal Services Department (ISD), at the direction of the Chief Administrative Office (CAO), to acquire telephone, data and low voltage systems for the Sheriff at a cost not to exceed \$35,000. All or part of the telephone, data, and low voltage systems will be paid in a lump sum by the Sheriff.
3. Find that this lease is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987 and Section 15601 (b) (3) of the State CEQA Guidelines.

4. Approve the project and authorize the CAO, ISD and Sheriff to implement the project. The lease will be effective upon approval by your Board.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Since 1971, the County has leased ground space from the City of Long Beach (City) at the Long Beach Municipal Airport (LBMA) for the Aero Bureau operations of the Sheriff's Department. On June 17, 2003, your Board approved an Amended and Restated Lease Agreement with the City which replaced the earlier lease agreement and provided for the acquisition of the additional ramp space which increased the ground lease space from 3.36 to 4.39 acres. Acquisition of the additional ramp space was needed to comply with FAA clearance and separation requirements. It also relieved congestion around the helicopter landing area and provided parking for the aircraft and passenger vehicles. The restated agreement was extended for five years by your Board on October 7, 2003.

The June 17, 2003 Board letter identified an on-going need for additional hangar space to maintain and service the expanded air fleet. The Board letter also reported that it was the County's intention to negotiate and obtain Board approval in the near future for additional space at the LBMA to accommodate the maintenance and storage requirements resulting from the introduction of the larger Sea King Helicopters to the fleet. Accordingly, the proposed lease will eliminate the need to service and maintain the larger aircraft in open space and will allow the Sheriff to properly protect the aircraft from the elements as well as provide office/storage space for personnel and equipment.

Five H-3 helicopter pilots, six H-3 helicopter mechanics and an electronics communications technician will be housed in the proposed office space. Three paramedics assigned to the Sheriff's Emergency Services Detail will on occasion participate in Air Rescue flights. The paramedics' equipment is currently stored in an 8 x 16 foot storage trailer located on the ramp. The trailer will be removed from the site and the paramedics' equipment will be stored at the proposed premises to facilitate operations. Approximately 80 square feet of the office space will be used for small to medium aircraft parts storage.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The Countywide Strategic Plan directs that we increase the safety and security of all residents in Los Angeles County through well-coordinated, comprehensive response and recovery plans for terrorist incidents (Goal 8). Acquisition of this hangar, ramp space and office space supports this goal so that the Sheriff's Aero Bureau can efficiently and safely maintain their air fleet in support of the Los Angeles County Operational Area Strategic Plan for Emergency Management Homeland Security.

## **FISCAL IMPACT/FINANCING**

The annual rental cost of this five-year lease will be \$269,772, triple net (excludes utilities, maintenance and pro rata share of insurance and taxes).

	<b>Existing Lease 3235 Lakewood Blvd.</b>	<b>Existing License Agreement 4310 Donald Douglas Dr.*</b>	<b>Proposed Lease 4310 Donald Douglas Drive</b>	<b>Total Proposed Leases</b>
Lessor	City of Long Beach	Petrowings	Petrowings	Petrowings and City of Long Beach
Area	4.39 acres	King Air storage	.84 acres	5.23 acres
Office space	3,701 sq. ft.	NONE	2,750 sq. ft.	6,451 sq. ft.
Hangar space	26,637 sq. ft.	King Air storage	12,100 sq. ft.	38,737 sq. ft.
Ramp space	108,700 sq. ft.	NONE	17,550 sq. ft.	208,978 sq. ft.
Term	10/14/03 to 10/13/08	4/3/03 to 4/2/06	Five years	
Annual Rent	\$122,376	\$28,800	\$269,772	\$392,148*
Cancellation	County: Anytime during the term by giving 90 days notice.  City: Anytime on 1.03 acres of ramp space by giving 90 days notice and reimbursing actual cost of County improvements	Either party on 60 days written notice	Three years after commencement on 90 days written notice	
Option to Renew	Two 5-year options remain	NONE	Two 5- year options	
Rent Adjustment	Rent is adjusted for each 5-year option period and is subject to an annual CPI adjustment not to exceed 4% of the preceding term	NONE	Annual CPI adjustment with a cap of 4%	

\*License agreement with Petrowings (\$28,800 annual rent) will be cancelled on approval of lease agreement with Petrowings.

Sufficient funding for the proposed lease amendment is included in the 2004-05 Rent Expense Budget and will be charged back to the Sheriff's operating budget. Sufficient appropriation has been included in the 2004-05 budget to cover the projected lease costs. The cost associated with the proposed lease is a 100 percent net County cost.

The total estimated purchase cost for the telephone, data and low voltage systems is estimated to be \$35,000 and will be paid in a lump sum payment by the Sheriff. Should the Lessor be able to provide the telephone, data and low voltage systems at or below the County's cost, the recommendation herein allows the CAO the discretion of directing the payment of these costs to ISD or to the Lessor.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The existing 4.39 acre Aero Bureau site with the City is improved with a 16,805 square foot main hangar, a 9,832 square foot ancillary hangar, 3,701 square feet of office space and 108,700 square feet of ramp space. The original lease had a lease term of 20 years commencing October 13, 1968, and granted the County the option to extend the lease for six, five-year periods. To date, four renewal options have been exercised and two additional renewal options remain.

On April 3, 2003, the County entered into an administrative license agreement with Petrowings for parking space in the hangar at 4310 Donald Douglas Drive, Long Beach to store the department's King Air aircraft. Upon approval of the proposed lease with Petrowings, the license agreement will be cancelled.

The proposed .84 acre Aero Bureau site with Petrowings is improved with a 12,100 square foot hangar, 2,750 square feet of office space and 17,550 square feet of ramp space. The proposed five-year lease will commence on Board approval and end five years thereafter. The lease contains the following provisions:

- As reported to your Board on June 17, 2003, the Sheriff plans to spend up to \$400,000 in security and ramp repairs to the area under lease from the City of Long Beach. The ramp area identified for repair is adjacent to the proposed Petrowings leased area.
- Petrowings owns the improvements that are located on the ground lease with the City. The County is subleasing the premises from Petrowings, Limited.

- The monthly rent shall be subject to an annual Consumer Price Index adjustment with a cap of four percent.
- The County has the right to exercise two five-year options by giving Lessor six months prior written notice as is also provided with the City lease.
- There are no tenant improvements provided by the Lessor in this lease.
- The County has the right to cancel the lease on or at anytime after the third year by giving 90 days prior written notice.
- County pays all utilities, interior maintenance, ramp maintenance, janitorial and prorated share of insurance and taxes.

A rental survey was conducted with real estate brokers who specialize in airport properties. The monthly rental rate of \$1.10 per square foot for hangar and \$0.17 per square foot for ramp space is competitive with other space offered at LMBA at \$1.15 per square foot for hangar space and \$0.17 per square foot for ramp space. The office monthly rental rate offer of \$2.25 per square foot is within the lower range of market rates for office space with direct access to the hangar and ramp area which are estimated to be in the range of \$2.50 to \$2.75 per square foot per month. These rates represent the most competitive prices achievable.

The proposed lease was submitted for review to your Board's appointed Real Estate Management Commission on March 17, 2004. After careful review, the Commissioners approved the proposed lease. The Department of Public Works has conducted a structural review of the subject facility and determined it was acceptable for County occupancy.

#### **NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT**

The CAO has made an initial study of environmental factors and has concluded that this lease project is exempt from CEQA as specified in Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15061 (b)(3) of the State CEQA Guidelines.

The Honorable Board of Supervisors  
April 13, 2003  
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### **ENVIRONMENTAL DOCUMENTATION**

Environmental Engineering, Inc. performed a Phase I Environmental Site Assessment (ESA) of the .84 acre site to be leased. Based on the Phase I ESA, which evaluated the presence of known or suspected hazardous substances at the site and within a half-mile radius of subject property, it was determined that no Phase II ESA was necessary. Environmental Engineering, Inc.'s conclusion was that there is no soil contamination related to former storage tanks and clarifier that were located on an adjacent parcel, which is not a part of the proposed lease. The ESA recommended neither further investigation nor remediation at the subject property.

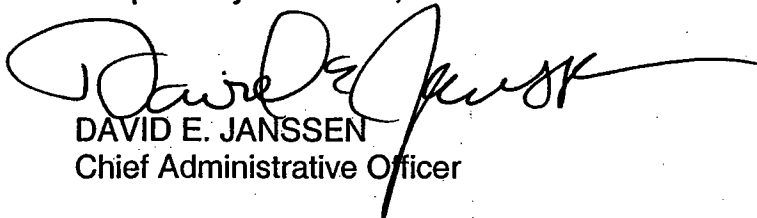
### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

It is the finding of the CAO that the proposed lease is in the best interest of the County and will continue to provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, the Sheriff concurs in this lease recommendation.

### **CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed Lease and the adopted, stamped Board letter, and two certified copies of the Minute Order to the CAO, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:CWW  
CEM:JWP:hd

Attachments (3)  
c: County Counsel  
Sheriff's Department  
Internal Services Department

**SHERIFF'S DEPARTMENT  
AERO BUREAU AT LONG BEACH AIRPORT  
Asset Management Principles Compliance Form<sup>1</sup>**

<b>1. Occupancy</b>		<b>Yes</b>	<b>No</b>	<b>N/A</b>
A	Does lease consolidate administrative functions? <sup>2</sup>			X
B	Does lease co-locate with other functions to better serve clients? <sup>2</sup>			X
C	Does this lease centralize business support functions? <sup>2</sup>			X
D	Does this lease meet the guideline of 200 sf of space per person? <sup>2</sup>			X
<b>2. Capital</b>				
A	Should program be in leased space to maximize State/Federal funding?		X	
B	If not, is this a long term County program?	X		
C	Is it a net County cost (NCC) program?	X		
D	If yes to 2 B or C; capital lease or operating lease with an option?		X	
E	If no, are there any suitable County-owned facilities available?		X	
F	If yes, why is lease being recommended over occupancy in County- owned space?			X
G	Is Building Description Report attached as Attachment B?	X		
H	Was build-to-suit or capital project considered? Because of specialized use, Sheriff desires to acquire site that is adjacent to Sheriff's existing Aero Bureau site.		X	
<b>3. Portfolio Management</b>				
A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered?			X
D	Why was this program not co-located?			
	1. ___ The program clientele requires a "stand alone" facility.			
	2. <u>X</u> No suitable County occupied properties in project area.			
	3. <u>X</u> No County-owned facilities available for the project.			
	4. ___ Could not get City clearance or approval.			
	5. ___ The Program is being co-located.			
E	Is lease a full service lease? <sup>2</sup> The Lessor insisted on a triple net lease with the County paying or reimbursing Lessor for all expenses.		X	
F	Has growth projection been considered in space request	X		
G	Has the Dept. of Public Works completed seismic review/approval?	X		

<sup>1</sup>As approved by the Board of Supervisors 11/17/98

<sup>2</sup>If not, why not?

**SPACE SEARCH  
IMPROVED COUNTY-OWNED AIRPORT PROPERTIES**

<b>LACO</b>	<b>FACILITY NAME/ADDRESS</b>	<b>SQ FT GROSS</b>	<b>SQ. FT NET</b>	<b>LEASED/ OWNED</b>	<b>LAND AREA ACRE'S</b>	<b>SQ FT AVAILABLE</b>
4135	BRACKETT FIELD 1615 W MCKINLEY AVE, LA VERNE 91750	433,435	393,510	OWNED	131.71	Only undeveloped land is available. Development cost too high.
0370	COMPTON AIRPORT 901 W ALONDRA BLVD, COMPTON 90220	246,960	228,913	OWNED	74.27	None available.
X792	EL MONTE AIRPORT 4233 N SANTA ANITA AVE, EL MONTE 91731	302,873	280,554	OWNED	49.5	Undeveloped north end available, but would have to buy homes for aero bureau development.
4549	FOX AIRFIELD 4555 W AVE G, LANCASTER 93536	80,866	63,716	OWNED	512.05	Majority of undeveloped area is available. High development cost. Airfield is not centrally located nor adjacent to metro area.
X764	WHITEMAN AIRPORT-ABLE AIR OFFICE 12653 OSBORNE ST, PACOIMA 91331	486,140	479,718	OWNED	180.98	Very limited area available. Insufficient to meet Aero Bureau needs.



**COUNTY OF LOS ANGELES  
CHIEF ADMINISTRATIVE OFFICE  
LEASE AGREEMENT**

**DEPARTMENT: SHERIFF'S AERO BUREAU, as Tenant  
LANDLORD: PETROWINGS, LIMITED, a California limited partnership**

**4310 Donald Douglas Drive  
Long Beach, CA 90808**

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COUNTY OF LOS ANGELES  
CHIEF ADMINISTRATIVE OFFICE  
LEASE AGREEMENT

THIS LEASE is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2004, between PETROWINGS, LIMITED, a California limited partnership ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant").

Landlord and Tenant agree:

1. **BASIC LEASE INFORMATION.** The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

(a) **Landlord's Address for Notice:**

Petrowings, Limited  
4310 Donald Douglas Drive  
Long Beach, CA 90808  
  
Attention: Ernest Martin

(b) **Tenant's Address for Notice:**

Board of Supervisors  
Kenneth Hahn Hall of Administration,  
Room 383  
500 West Temple Street  
Los Angeles, California 90012  
Fax Number: \_\_\_\_\_

With a copy to:  
Chief Administrative Office  
Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate  
Fax Number: \_\_\_\_\_

(c) **Premises:**

Approximately 2,750 rentable square feet of office space, 12,100 square feet of hangar space in Building 101 and 17,550 square feet of ramp space (defined below) as shown on Exhibit A attached hereto.

(d) **Building:**

The building located at 4310 East Donald Douglas Drive, #101, which is located upon the real property described more particularly in Exhibit B attached hereto (the "Property");

(e) **Term:**

Five (5) years commencing thirty (30) days after Tenant's Acceptance of the Premises as defined in Section 4(a) (the "Commencement

	Date"); and terminating at midnight on the day before the fifth anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.	1 2 3 4 5 6 7 8 9 10 11
(f) <u>Projected Commencement Date:</u>	April 15, 2004	12 13 14
(g) <u>Commencement Date:</u>	Upon approval of this lease by the Board of Supervisors	15 16 17
(h) <u>Irrevocable Offer Expiration Date:</u>	April 22, 2004	18 19 20
(i) <u>Basic Rent:</u>	\$22,481 per month NET NET NET (NNN) (which is based upon a rental rate of \$2.25) per rentable square foot for the office space, \$1.10 per rentable square foot for the hangar space and \$0.17 per square foot for the ramp space adjustable only as provided in Section 2(b) hereof.	21 22 23 24 25 26 27 28
(j) <u>Early Termination Notice Date:</u>	Three (3) years after commencement date on 90 days written notice.	29 30 31 32
(k) <u>Rentable Square Feet in the Premises:</u>	2,750 square feet of office space, 12,100 square feet of hangar space and 17,550 square feet of ramp space.	33 34 35 36
(l) <u>Use:</u>	For the Los Angeles County Sheriff's Aero Bureau and such other uses as are incidental to and consistent therewith.	37 38 39 40
(m) <u>Initial Departmental Use:</u>	Los Angeles County Sheriff's Aero Bureau	41 42
(n) <u>Parking Spaces:</u>	Seven (7) exclusive spaces (five (5) in front of the building, two (2) on the west side)	43 44 45
(o) <u>Normal Working Hours:</u>	The Sheriff's Aero Bureau operates 24 hours a day, seven days a week	46 47 48
(p) <u>Environmental Site Assessment, Phase I:</u>	A report dated _____ prepared by Environmental Engineering, Inc., a licensed California Environmental Assessor.	49 50 51 52 53 54 55 56

Defined Terms Relating to Landlord's Work Letter NOT APPLICABLE (N/A)

(q) Base Tenant Improvement Allowance N/A

(r) Additional Tenant Improvement Allowance N/A

(s) Maximum Change Order Allowance N/A

(t) Additional Tenant Improvement and Change Order Amortization Rate: N/A \_\_\_\_ % per annum

(u) Basic Rent Reduction N/A \_\_\_\_ and \_\_\_\_ /100 Dollars (\$ \_\_\_\_ ) per month

(v) Tenant's Work Letter Representative N/A

(w) Landlord's Work Letter Representative N/A

(x) Landlord's Address for Work Letter Notice N/A

(y) Tenant's Address for Workletter Notice N/A

1.2 Exhibits to Lease:

Exhibit A - Floor Plan of Premises  
Exhibit B- Legal Description of Property  
Exhibit C - Commencement Date  
Memorandum and Confirmation of Lease Terms  
Exhibit D - HVAC Standards

1.3 Landlord's Work Letter: N/A  
(executed concurrently with this Lease and

made a part hereof by this reference):

1.4 Supplemental Lease  
Documents: (delivered to Landlord and made  
a part hereof by this reference):

Document I: Subordination, Non-disturbance  
and Attornment Agreement  
Document II: Tenant Estoppel Certificate  
Document III: Community Business  
Enterprises Form  
Document IV: Memorandum of Lease  
Document V: Request for Notice

## 2. PREMISES

(a) Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.

(b) Tenant shall have the right within ninety (90) days of approval of this Lease by the Board of Supervisors of the County of Los Angeles ("Board of Supervisors") to field-measure and verify the exact footage of the Premises and/or the Building. All measurements shall be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association ("BOMA") International except that no penthouse mechanical room space shall be included in the measurement. Should this measurement be less than the square footage stated above, Tenant shall have the right to adjust such square footage and reduce the Basic Rent in Section 1 accomplished by the mutual execution of a memorandum of understanding between the Landlord and the Tenant. Landlord acknowledges the space has been marketed at the above-indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no adjustment made to either the square footage or the Basic Rent in the event the measured square footage exceeds the amount represented by Landlord. Should Landlord and Tenant not agree with respect to the results of the measurement conducted pursuant to this subsection (b) Landlord shall appoint an independent firm or person who is experienced in making such measurements whose determination with respect which measurement is correct shall be final and binding upon the parties. Landlord and Tenant shall share equally in the fees of such firm.

### (c) Option to Expand

Tenant shall have the option to lease additional space within the Building ("Expansion Option"). Throughout the lease term, Landlord, at first knowledge, shall promptly notify Tenant of when and what space is or will be so available. Upon Tenant's receipt of the notice of availability, Tenant shall notify Landlord within sixty (60) days from date of notice of Tenant's intent to exercise its right to lease such space.

Upon sixty (60) days' prior written notice to Landlord, Tenant shall have the option to lease such space ("Additional Space"). The actual exercise shall be only by the Board of Supervisors of the County of Los Angeles. Throughout the lease term, Tenant shall have the right to lease all or a part of said space at the rate prevailing under this Lease. If Tenant so notifies Landlord, Landlord shall execute an amendment to this Lease adding the additional space to the Premises under the same terms and conditions provided in this Lease; and Landlord shall deliver the additional space to Tenant upon the date such space is available for occupancy



and Tenant accepts the improvements performed by Landlord, which acceptance shall not be unreasonably withheld, however, the rent shall not be due and owing until Tenant accepts the improvements to be performed by Landlord.

3. COMMON AREAS. Tenant may use the following areas ("Common Areas") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord.

#### 4. COMMENCEMENT AND EXPIRATION DATES

(a) Term. The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within thirty (30) days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C. The Commencement Date shall begin upon approval of this lease by the Board of Supervisors. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which Tenant has inspected the Premises and Tenant has accepted the Premises. Early Termination. Tenant shall have the right to terminate this Lease at any time after the Early Termination Notice Date, as defined in Section 1, by giving Landlord not less than ninety (90) days prior written notice executed by the Chief Administrative Officer of Tenant.

#### (b) Option to Renew

Tenant shall have two (2) options to renew this Lease for a period of five (5) years under the same terms, and conditions, including cancellation right except that the rental rate for each option term shall be adjusted by negotiation not to exceed ninety five percent (95%) of the fair rental value which Landlord could derive from the demised premises if they were made available on the open market ("Fair Rental Rate"). The fair rental rate of the demised premises shall be determined by using the rental rate prevailing for similarly-improved industrial flex office space within a three (3) mile radius of the demised premises and subtracting therefrom that portion of the rent covering the tenant improvement allowance, if any, for transactions consummated within the last nine (9) months immediately preceding the commencement date of the option term. If similarly improved industrial flex office space cannot be found within a three (3) mile radius of the demised premises, then the search area shall be enlarged to a five (5) mile radius. In determining the Fair Rental Rate, equitable adjustments to the surveyed rental values shall be made for the size and credit worthiness of the Tenant, the quality of the project, the nature of the Tenant's improvements and any other lease terms having an impact on rental value (such as a tenant's option to expand or purchase). The fair rental survey shall be conducted by the Landlord's appraiser and Tenant's appraiser, each of which shall be designated as a Member of the Appraisal Institute of Real Estate Appraisers (MAI). Landlord shall pay the costs for Landlord's appraiser and Tenant shall bear the cost of Tenant's appraisers.

If the Landlord and Tenant cannot agree on the Fair Rental Rate forty-five (45) days prior to the expiration of the lease term, each shall mutually select a third appraiser who shall also conduct a fair rental appraisal. The third appraiser shall be designated as a Member of the Appraisal Institute of Real Estate Appraisers (MAI). The average of the two (2) appraisals nearest in value shall be the Fair Rental Rate. The cost of the third appraiser shall be borne equally by Landlord and Tenant. In the event the negotiations are not completed prior to the effective date of the rent increase, Tenant shall continue to pay rent at the current rate and the

payments made and the adjusted rent due to Landlord if any adjustment is needed. Payment shall be made to Landlord within sixty (60) days of completion of negotiations.

Tenant, by Chief Administrative Department letter, shall notify Landlord in writing not less than six (6) months prior to expiration of the lease term of Tenant's intention to exercise its option. The actual exercise of the option shall be only by the Board of Supervisors of the County of Los Angeles.

5. **RENT.** Tenant shall pay Landlord the Basic Rent stated in Section 1 during the Term hereof within fifteen (15) days after a claim therefore for each such month has been filed by Landlord with the Auditor of the County of Los Angeles (the "County") prior to the first day of each month. Basic Rent for any partial month shall be prorated in proportion to the number of days in such month.

(a) **CPI.** From and after the first anniversary of the Commencement Date, on the first day of the first full calendar month thereafter (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Basic Rent shall be adjusted by applying the CPI Formula set forth below. The "Basic Index" shall be the Index published for the month the Lease commences.

(b) **CPI Formula.** The Index means the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means Basic Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Index published for the month the Lease commenced. If the Index is changed so that the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

(c) **Illustration of Formula.** The formula for determining the new rent shall be as follows:

$$\frac{\text{New Index}}{\text{Base Index}} \times \$22,481.00 \text{ (Basic Rent)}$$

$$\pm \text{Amount needed to amortize Tenant's Additional Tenant Improvements, if any}$$

$$\pm \text{Amount needed to amortize change order costs, if any}$$

$$= \text{Monthly Basic Rent}$$

(d) **Limitations on CPI Adjustment.** In no event shall the monthly Basic Rent adjustment based upon the CPI Formula result in an annual increase greater than four percent (4%) per year of the Basic Rent. [In no event shall the monthly rent be adjusted by the CPI Formula to result in a lower monthly Basic Rent than was payable during the previous year of the Lease.]

6. **USES.** The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use.

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon ninety (90) days written notice from Landlord or thirty (30) days written notice from the Chief Administrative Officer of Tenant at the last monthly Basic Rent payable under this Lease (as such Basic Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenantable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within ten (10) days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a material Default hereunder. Basic Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days for any reason, then Tenant may terminate this Lease by giving written notice within ten (10) days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Basic Rent shall be abated from the date the Premises became untenantable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided insurance proceeds are available to repair the damages.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than thirty (30) days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is thirty (30) days after such written notice of termination.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may (a) declare a default hereunder or (b) perform or cause to be performed the restoration work and deduct the cost thereof plus interest thereon at ten percent (10%) per annum, from the Basic Rent next due as a charge against the Landlord.

## 10. REPAIRS AND MAINTENANCE.

(a) Landlord Representations. Landlord represents to Tenant that (i) the Premises, the Building and all Common Areas (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including the Americans With Disabilities Act; and are in reasonable good working order and condition; (ii) the Building and Premises comply with all covenants, conditions, restrictions and underwriter's requirements; and (iii) the Premises, Building and Common Areas are free of the presence of any Hazardous Materials (as hereinafter defined) and (iv) Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation. Landlord represents to the best of his knowledge, that the Premises and the Building contain no asbestos containing materials. Landlord agrees to abate any asbestos containing materials to the extent required by law if discovered after Tenant occupies the Premises and, after abatement, will provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation all permanent exterior walls, roof, concealed plumbing, stairways, concealed electrical systems serving the Building.

(c) Tenant Obligations. Tenant has inspected the premises and accepts the premises in their present condition. Tenant's repair obligations include, without limitation, repairs to: (1) the floor covering (if such floor covering is carpeting it shall be replaced as needed); (2) interior walls and partitions; (3) doors; (4) the interior side of demising walls (which shall be repainted as needed but not less often than every five (5) years); (5) HVAC; (6) exposed electrical and plumbing; (7) fire/life safety systems; (8) back-up generator and (9) signage. Without limiting the foregoing, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed, (b) be at least equal in quality, value and utility to the original work or installation, (c) be in accordance with all laws.

(d) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than five (5) days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities).

Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum. If not reimbursed by Landlord within ten (10) days, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 14.

#### 11. SERVICES AND UTILITIES.

This is a triple net lease and, as such, Tenant is responsible for all services and utilities to the Premises including janitorial, trash, water, gas and electrical.

12. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or Premises, Basic Rent shall be prorated based upon the percentage of the Premises or Building rendered untenantable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

#### 13. TENANT DEFAULT.

(a) Default. The occurrence of any one or more of the following events (a "Default") shall constitute a material default and breach of this Lease by Tenant:

(i) the failure by Tenant to make any payment of Basic Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten (10) days after written notice to Tenant;

(ii) the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of thirty (30) days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than thirty (30) days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Termination. Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

(c) No Effect on Indemnity. Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

#### 14. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 9(d), 10(d) and 19, Landlord shall be in default in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within five (5) days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10(c)) ; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such five (5) day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the default by Landlord ("Landlord Default") is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the costs thereof (including but not limited to attorneys' fees) plus interest at the rate of ten (10%) per annum from the installments of Basic Rent next falling due; (ii) to pursue the remedy of specific performance; (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Basic Rent next coming due; or (iv) to terminate this Lease.

(b) Waiver. Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, except as otherwise described in Paragraph 10 (b), nor shall this Section be construed to obligate Tenant to undertake any such work

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

15. ASSIGNMENT AND SUBLETTING. Tenant may assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent: provided, however, no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease.

#### 16. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria: (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Building; (3) will not materially affect the systems or structure of the Building; and (4) does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building. If Landlord fails to respond in writing within thirty (30) days of such request, Landlord shall be deemed to approve the Alterations.

(b) End of Term. Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

## 17. CONDEMNATION.

(a) Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

(b) Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

(c) Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within thirty (30) days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than thirty (30) days nor later than ninety (90) days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within thirty (30) days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated.

(d) Restoration. Notwithstanding the preceding paragraph, if, within thirty (30) days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within ninety (90) days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award. The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

(f) Waiver of Statute. Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

18. INDEMNIFICATION.

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act or omission or willful misconduct of Tenant or its employees or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

19. INSURANCE.

(a) Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

(i) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value. Landlord shall carry insurance on any furniture and furnishings which will become the property of Tenant at the expiration of the Term and on all modular furniture installed in the Premises. Insurance proceeds shall be payable to Landlord and Tenant as their interests may appear and be utilized for repair and restoration of the Premises.

(ii) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$3,000,000; (2) products/completed operations aggregate of \$2,000,000 and (3) personal and advertising injury of \$1,000,000.

(iii) Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or to use any insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease

(b) Insurance Requirements. All insurance policies required to be maintained by Landlord under this Lease shall be issued by insurance companies which have a Best's Rating of "AVII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of Tenant shall be written as primary policies, not contributing with, and not in excess of coverage which Landlord may carry.



(c) Certificates. Landlord shall deliver to Tenant on the Commencement Date of this Lease and thereafter at least fifteen (15) days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates must document that each party has named the other as an additional insured (or its equivalent) on its general liability and property insurance policy, and that Tenant has been named a loss payee on Landlord's commercial property insurance policy, as required.. Further, all certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Tenant in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates.

(d) Waiver of Subrogation. Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

(e) Insurance Reimbursement. Lessee shall reimburse Landlord for the costs of insurance as required above, subject to the conditions as set forth herein. Landlord shall provide Tenant with proof of payment of said premiums within sixty (60) days of said payment together with the claim for reimbursement. Reimbursement shall be made only for that portion of the coverage during Tenant's occupancy, prorated on a three hundred sixty five (365) day year. Reimbursement shall be 30% of the total insurance premiums for the premises based on the ratio of the square footage of Tenant's occupied portion compared to the square footage of the total premises.

## 20. TAXES.

Landlord shall be responsible for payment of all real property taxes on the demised premises. The Tenant shall reimburse Landlord for real property taxes on its pro rata portion of the premises based on the ratio of the square footage of Tenant's occupied portion compared to the square footage of the total premises which is agreed to be 30%.

Tenant shall so reimburse Landlord only if Landlord within sixty (60) days of payment of said tax presents to Tenant proof of payment together with the claim for reimbursement. In no event shall Tenant be responsible to Landlord for (a) any delinquencies, service charges or penalties incurred by Landlord in the payment of said taxes; (b) any taxes attributable to alterations and improvements installed by Landlord without the prior written consent of Tenant; (c) any taxes accruing while Tenant is not entitled to possession.

Further, the Tenant shall not be responsible during the lease term for any increases in taxes attributable to (a) transfer of ownership or (b) alterations or improvements to the premises which are not approved in advance by the Tenant unless such alterations are required by a government agency other than the County, or the County completes alterations with Landlord's consent. The Assessor's enrollment following such increases shall serve as the base from which to calculate the tax reimbursement.

If both of the above events were to occur, for example, the calculation for reimbursement would be as follows:

Re-assessed value (after revaluation by Assessor)

less prior assessed value (before revaluation by Assessor)

equals portion of assessed value for which the Landlord will be responsible.

Therefore, the Tenant would be responsible for all taxes except that portion determined by the above formula.

## 21. PARKING.

(a) Tenant's Rights. Tenant shall have the right to the number of exclusive reserved parking stalls set forth in Section 1 without charge for the Term of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all other parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building.

(b) Remedies. Landlord acknowledges that it is a material term of this Lease that Tenant receives all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant, (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation) Tenant may (a) terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective thirty (30) days thereafter or (b) deduct from the Basic Rent thereafter accruing hereunder an amount each month equal to the Basic Rent times the percentage of Parking Spaces not so provided times 1.5 but such deduction from Basic Rent shall be not less than ten percent (10%) nor more than one hundred percent (100%).

## 22. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office, hangar, air fleet maintenance and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

(b) Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

23. ESTOPPEL CERTIFICATES. Tenant shall, within thirty (30) days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

24. TENANT IMPROVEMENTS. This paragraph is deleted in its entirety.

25. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

## 26. SUBORDINATION AND MORTGAGES

(a) Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein.

(b) Existing Deeds of Trust. The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith within thirty (30) days after the execution of this Lease.

(c) Request for Notice. Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the Property in the form of Document V in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(d) Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail

requesting any such notice with reference to this Section , Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of Default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional ten (10) days within which to cure such Default.

27. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant may (but shall not be required to) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

28. SIGNAGE. Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances.

29. QUIET ENJOYMENT. So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

#### 29. SUBLEASE AGREEMENT.

It is understood and recognized that this Lease and Agreement constitutes a sublease, that all references to Lease, Landlord and Tenant shall read to mean Sublease, Sublessor and Sublessee. All terms and conditions of the Lease Agreement (the "Master Lease") attached hereto as Exhibit "H" and made and entered into November 16, 1988, by and between the City of Long Beach, a municipal corporation, as Lessor, and Petrowings, Limited, a California limited partnership, as Lessee, shall be incorporated herein and adhered to where applicable. Tenant acknowledges receipt of a copy of Master Lease.

Tenant and this Lease shall be subject in all respects to the terms of, and the rights of Lessor under the Master Lease, as such rights are set forth in the Master Lease. Except as otherwise expressly provided in this Lease, the covenants, agreements, terms, provisions and conditions of the Master Lease and amendments insofar as they relate to the Premises , subject to the terms set forth in this Paragraph, are made a part of and incorporated into this Lease as if recited herein in full, and the rights and obligations of the Landlord and Tenant under the Master Lease shall be deemed the rights and obligations of Landlord and Tenant, respectively, hereunder and shall be binding upon and inure to the benefit of Landlord and Tenant, respectively. Notwithstanding anything to the contrary set forth in this Lease, as between the parties hereto only, in the event of conflict between the terms of the Master Lease and the terms of this Lease, the terms of this Lease shall control; provided, however, in the event the observance or performance by either party hereto of the terms of this Lease may result in a breach of the terms of the Master Lease, the subject terms of the Lease shall be invalid and unenforceable and the corresponding terms of the Master Lease shall control.

#### 30. GENERAL

(a) Headings. Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(b) Successors and Assigns. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

(c) Brokers. Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or

fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation. Tenant shall receive from Landlord or Landlord's broker, within ten (10) days after the execution of this Lease, an amount equal to 50% of all commissions due to Landlord's broker as a result of the execution of this Lease.

(d) Entire Agreement. This Lease (and Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

(e) Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

(f) Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(g) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

(h) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

(i) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(j) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) days after written request is made therefore, together with all necessary information.

(k) Community Business Enterprises Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(l) Memorandum of Lease If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Document IV in the

Supplemental Lease Documents delivered to Landlord concurrently herewith, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

31. **AUTHORITY.** Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Administrative Officer of the County or its delegee (the "Chief Administrative Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Basic Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

### 32. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

(a) **Consideration of GAIN Program Participants.** Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

(b) **Solicitation of Consideration.** It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the landlord's submission being eliminated from consideration.

(c) Landlord Assignment.

(i) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Basic Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

(ii) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.

(iii) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County.

(iv) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

(v) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of Basic Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(vi) Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, except with County's prior written consent. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

(vii) The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

33. **IRREVOCABLE OFFER.** In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.



IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

PETROWINGS, LIMITED

A California limited partnership

By: Ernest Martin

Name: Ernest Martin

Its: mgr. Partner

TENANT:

COUNTY OF LOS ANGELES

a body politic and corporate

By: \_\_\_\_\_

Name: \_\_\_\_\_

Chairman, Board of Supervisors

ATTEST:

Violet Varona-Lukens  
Executive Officer-Clerk  
of the Board of Supervisors

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

Lloyd W. Pellman  
County Counsel

By: Francis E. Scott  
Deputy: Francis E. Scott

**EXHIBIT A**  
**FLOOR PLAN OF PREMISES**

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EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

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EXHIBIT C

COMMENCEMENT DATE MEMORANDUM  
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated \_\_\_\_\_, 2002, between County of Los Angeles, a body politic and corporate ("Tenant"), and \_\_\_\_\_, a \_\_\_\_\_ ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at \_\_\_\_\_ ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on \_\_\_\_\_ ("Possession Date");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on \_\_\_\_\_ ("Commencement Date");
- (4) The Premises contain \_\_\_\_\_ rentable square feet of space; and
- (5) Basic Rent Per Month is \_\_\_\_\_.

IN WITNESS WHEREOF, this Memorandum is executed this \_\_\_\_ day of \_\_\_\_\_, 200\_\_.

"Tenant"	"Landlord"
COUNTY OF LOS ANGELES, a body politic and corporate	_____, a _____
By: _____ Name: _____ Its: _____	By: _____ Name: _____ Its: _____

EXHIBIT D  
HVAC STANDARDS

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.